



Entergy Operations, Inc.
P. O. Box 31995
Jackson, MS 39286-1995
Tel 601-368-5516

Bryan S. Ford
Senior Manager - Nuclear Safety
and Licensing

GNRO-2010/00025

March 29, 2010

U.S. Nuclear Regulatory Commission
Attn: Document Control Desk
Washington, DC 20555

SUBJECT: Notification of Change to Approved Sale and Leaseback Transaction
Grand Gulf Nuclear Station, Unit 1
Docket No. 50-416
License No. NPF-29

Dear Sir or Madam:

In accordance with License Condition 2.B(7)(b), this letter notifies the Nuclear Regulatory Commission ("NRC") of the transfer of an equity interest in a sale and leaseback transaction.

On October 19, 1988, System Energy Resources, Inc. ("SERI"), the operating licensee at the time, requested from the NRC a license amendment for the Grand Gulf Nuclear Station, Unit 1 ("GGNS-1"). On December 19, 1988, the NRC issued Amendment No. 54 to the GGNS-1 Operating License No. NPF-29, authorizing SERI to transfer up to 15.0 percent of its 90.0 percent undivided ownership interest in GGNS-1 by way of a sale and leaseback financing transaction involving one or more passive "owner participants" or equity investors. In accordance with License Condition 2.B(7)(a) added to the license at that time, the equity investors are prohibited from exercising either direct or indirect control over GGNS-1, power or energy produced from the station, or the GGNS-1 licensees. The transaction was authorized subject to the requirements of 10 CFR 50.81.

In letters dated October 31, 1988 and November 11, 1988, SERI identified the initial equity investor in the transaction as Public Service Resources Corporation ("PSRC"). SERI further indicated that PSRC might sell a portion of its investment in GGNS-1 to other investors. On December 14, 1988, SERI identified Lease Management Realty Corporation IV ("Lease Management") and Textron, Inc. ("Textron") as potential investors. In issuing Amendment No. 54 approving the transaction on December 19, 1988, the NRC stated that it had no objections to the potential investors that SERI had identified, but that it wanted to be informed of the final selection of investors.

Shortly thereafter, on January 12, 1989, SERI confirmed that on December 28, 1988, it had completed the transaction to sell and lease back a 12.77 percent interest in its 90.0 percent undivided ownership share of GGNS-1 to PSRC and Lease Management. In that correspondence SERI further notified the NRC that on January 6, 1989, Lease Management

had then transferred its interest to Textron Financial Corporation ("TFC"), an affiliate of Textron, leaving PSRC and TFC as the final equity investors in GGNS-1.

TFC is now in the process of transferring the beneficial interest in the trust that holds the equity interest of TFC in GGNS-1 that resulted from the previously approved sale and leaseback transaction. The transferee is Cypress GG2, LLC, a California limited liability company ("CGG2").

The transfer of TFC's beneficial interest in the trust will not require any amendment to the GGNS-1 operating license. There are no changes required in the specific license terms or conditions. Further, consistent with License Condition 2.B(7)(b), apart from the transfer of the beneficial interest in the trust, there will be no change in (i) the terms or conditions of the sale or lease agreements executed as part of the authorized financial transaction other than a technical correction to the Participation Agreement for the transaction to accommodate CGG2's status as a limited liability company, (ii) the GGNS Unit 1 operating agreement, or (iii) the existing property insurance coverage for GGNS Unit 1. The other parties to the lease transaction documents, including, without limitation, the owner trustee that owns the undivided interest in GGNS-1 and leases it to SERI, will not change by reason of the proposed transaction.

In accordance with License Condition 2.B(7)(b), this notice is being provided prior to the transfer of the Textron Financial Corporation beneficial interest. The parties currently expect to complete that transaction on or about April 2, 2010.

A copy of the expected transfer document (the "Assignment and Assumption Agreement") provided by the parties involved is enclosed for your information.

This letter contains no new commitments. If you have any questions, please do not hesitate to contact the undersigned at 601-368-5516.

Sincerely,

A handwritten signature in black ink, appearing to be "BSF/LAE", written in a cursive style.

BSF/LAE

Attachment: Assignment and Assumption Agreement

cc: see next page

cc: NRC Senior Resident Inspector
Grand Gulf Nuclear Station
Port Gibson, MS 39150

U. S. Nuclear Regulatory Commission
ATTN: Mr. Elmo E. Collins, Jr.
Regional Administrator, Region IV
612 E. Lamar Blvd., Suite 400
Arlington, TX 76011-4125

U. S. Nuclear Regulatory Commission
ATTN: Mr. Carl F. Lyon, NRR/ADRO/DORL
Mail Stop OWFN/8 B1
Washington, DC 20555-0001

U.S. Nuclear Regulatory Commission
Office of General Counsel
Washington, D.C. 20555

**Attachment
to**

GNRO-2010/00025

Assignment and Assumption Agreement

ASSIGNMENT AND ASSUMPTION AGREEMENT

ASSIGNMENT AND ASSUMPTION AGREEMENT, dated as of April 2, 2010, between Textron Financial Corporation, a Delaware corporation (the "Owner Participant"), and Cypress GG2, LLC, a California limited liability company (the "Transferee").

WITNESSETH:

WHEREAS, in accordance with Section 15(a) of the Participation Agreement No. 2, dated as of December 1, 1988, as amended and supplemented (the "Participation Agreement"), among the Owner Participant (as successor in interest to Lease Management Realty Corporation IV), the Original Loan Participants listed in Schedule 1-B thereto, GG1C Funding Corporation, a Delaware corporation (as assignee of GG1B Funding Corporation, the assignee of GG1A Funding Corporation), U.S. Bank National Association (as successor in interest to Meridian Trust Company) and Mildred F. Smith (as successor in interest to Stephen M. Carta), in their individual capacities and as Owner Trustee under Trust Agreement No. 2, dated as of December 1, 1988, recorded in Book 12-Z at page 1 in the records of Claiborne County, Mississippi, Deutsche Bank Trust Company Americas (f/k/a Bankers Trust Company) and Stanley Burg, in their individual capacities and as Indenture Trustee under Trust Indenture, Deed of Trust, Mortgage, Security Agreement and Assignment of Facility Lease No. 2, dated as of December 1, 1988, as amended and supplemented, and System Energy Resources, Inc., an Arkansas corporation, as Lessee, the Owner Participant desires to sell and the Transferee desires to purchase the Assigned Property (as hereinafter defined);

NOW, THEREFORE, in consideration of the premises and of other good and valuable consideration, receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

Definitions. For purposes hereof, capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in Appendix A to the Participation Agreement.

Assignment and Trust Estate; Assumption.

Assignment. The Owner Participant does hereby grant, bargain, convey, sell, assign, transfer and set over to the Transferee without recourse, representation or warranty, express or implied, of any nature whatsoever (except as set forth in the next succeeding sentence herein and in that certain Purchase Agreement dated as of April 2, 2010, between the Owner Participant and the Transferee), 100% of the Owner Participant's right, title and interest in, to and under the Transaction Documents and the Trust Estate (the "Assigned Property"). The Owner Participant hereby represents and warrants to the Transferee that the Assigned Property is free and clear of all Owner Participant's Liens created by or arising through the Owner Participant.

Assumption and Acknowledgment. The Transferee hereby agrees to be bound by all terms of, and to undertake all obligations of the Owner Participant contained in, each Transaction Document to the extent of the interest hereby conveyed as if it had been originally

named as Owner Participant thereunder. The Transferee hereby acknowledges that it has no right to either cause the Owner Trustee to demand payment for, or draw for its own account under the Letter of Credit in respect of, any Deemed Loss Event arising out of an event of which the Transferee has knowledge prior to the date hereof.

Representations of the Transferee as the Owner Participant. The Transferee hereby represents for the benefit of each party to the Transaction Document that (i) it is a limited liability company duly organized and validly existing in good standing under the laws of the jurisdiction of its organization ("home state") and has the power and authority to enter into and perform its obligations under this Assignment and Assumption Agreement and each Transaction Document to which it is, following the execution of this Assignment and Assumption Agreement, to become a party; (ii) this Assignment and Assumption Agreement and each other Transaction Document to which it is, following the execution of this Assignment and Assumption Agreement, to become a party, have been duly and validly authorized by all necessary action on the part of the Transferee and do not require the consent or approval of any member or any trustee or holder of its indebtedness or other obligations, except such as have been on or before the date hereof duly obtained, given or accomplished; (iii) this Assignment and Assumption Agreement has been duly executed and delivered and it and each other Transaction Document to which the Transferee is, following the execution of this Assignment and Assumption Agreement, to become a party, constitutes (assuming the due authorization, execution and delivery by the other parties hereto and thereto and that this Assignment and Assumption Agreement and the other Transaction Documents constituted, as of the Closing Date, and constitute, as of the date hereof, the legal, valid and binding agreements of the other parties hereto and thereto) the legal, valid and binding obligation of the Transferee enforceable in accordance with its terms; (iv) neither the execution and delivery by the Transferee of this Assignment and Assumption Agreement nor the performance hereunder or under any Transaction Document to which it is, following the execution of this Assignment and Assumption Agreement, to become a party will result in the creation of any Owner Participant's Lien; (v) there exists no security interest in or other Lien on the Lease Indenture Estate in the state of the principal place of business or home state of the Transferee, or the State of Mississippi, arising as a result of any claims against the Transferee unrelated to the transactions contemplated by the Transaction Documents, it being understood that the Transferee makes no representation as to whether there exists any security interest or Lien on its beneficial interest in the Trust Estate; (vi) the Transferee is not acquiring the Assigned Property with the "plan assets" (within the meaning of the regulations of the United States Department of Labor) of any "employee benefit plan" within the meaning of Section 3(3) of ERISA or any "plan" within the meaning of Section 4975(e)(1) of the Code and (vii) neither the execution, delivery or performance by the Transferee of this Assignment and Assumption Agreement or any other Transaction Document to which it is, following the execution of this Assignment and Assumption Agreement, to become a party, nor the consummation by the Transferee of the transactions contemplated hereby or thereby, nor compliance by the Transferee with the provisions hereof or thereof, conflicts with, or results in the breach of any provision of, or is inconsistent with, its documents of formation or contravenes any Applicable Law applicable to it, or any indenture, mortgage or agreement for borrowed money to which the Transferee is a party or any other agreement or instrument to which the Transferee is a party or by which it or its property is bound, or requires any Governmental Action with respect

to the Transferee under Applicable Law applicable on or before the date hereof, except such as have been duly obtained, given or accomplished.

Effectiveness of Transfer. The transfer of the Assigned Property shall become effective without further action by any Person upon the execution and delivery by the Owner Participant and the Transferee of this Assignment and Assumption Agreement.

Miscellaneous.

Successors and Assigns. This Assignment and Assumption Agreement shall be binding upon the parties hereto and their respective successors and assigns, and shall inure to the benefit of such parties and their respective successors and assigns.

Governing Law. This Assignment and Assumption Agreement shall be governed by and construed and enforced in accordance with the law of the State of New York.

Headings. The division of this Assignment and Assumption Agreement into Sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Assignment and Assumption Agreement.

Counterparts. This Assignment and Assumption Agreement may be executed by the parties in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute one and the same instrument.

// Signature page follows //

IN WITNESS WHEREOF, the undersigned has caused this Assignment and Assumption Agreement to be duly executed as of the day and year written above.

TEXTRON FINANCIAL CORPORATION

By: _____

Name:

Title:

CYPRESS GG2, LLC

By: Cypress Equipment Management
Corporation V, its manager

By: _____

Name: Stephen R. Harwood

Title: President